



ENERGY ASSURANCE DAILY

Friday Evening, September 03, 2010

Major Developments

Update: As a Weakened Hurricane Earl Moves North, Port of Wilmington Closes in North Carolina, Power Knocked Out to Less than 11,000 Customers in North Carolina and Virginia September 2-3

Hurricane Earl forced shut the Port of Wilmington in North Carolina on September 2 and knocked out power to some 10,700 customers in North Carolina and Virginia by September 3, multiple sources reported. The port had resumed full truck-traffic operations, as of latest reports. Officials set Port Condition Zulu for all in-state commercial waterways, effective early yesterday morning. Electric power customers affected by the storm included less than 3,500 Progress Energy customers in North Carolina and about 7,200 Dominion Power customers in North Carolina and Virginia. As of Friday afternoon, all but 1,700 Dominion customers had been restored. Earl was about 290 miles south-southwest of Nantucket, Massachusetts as of 2:00 PM EDT, according to the National Hurricane Center (NHC). The storm was downgraded to a Category 1 hurricane by September 3, but the NHC still expects it to approach southeastern New England this evening.

Dow Jones Newswires, 13:13 September 3, 2010

http://www.ncports.com/Emergency_Information.htm

http://www.oe.netl.doe.gov/docs/2010_SitRep_1_Earl_090310_1000AM.pdf

http://www.nhc.noaa.gov/graphics_at2.shtml?5-daynl#contents

Operations Normal at Western Refining's 66,300 b/d Yorktown, Virginia Refinery after Earl Passes September 3

<http://www.reuters.com/article/idUSN0320283720100903>

ConocoPhillips Implements Hurricane Response Plans at Northeast Refineries as Earl Approaches September 3

ConocoPhillips implemented hurricane response plans to secure equipment and ensure the safety of employees at its 238,000 b/d Linden, New Jersey Refinery and 185,000 b/d Trainer, Pennsylvania Refinery as Hurricane Earl approached on September 3. Operations remain unaffected at this time.

<http://www.conocophillips.com/EN/newsroom/stormcenter/Pages/index.aspx>

EnCana Finishes Evacuating Staff from Deep Panuke Gas Prospect Offshore Nova Scotia as Earl Approaches September 3

EnCana Evacuates 82 More People – the remainder of its staff – from the natural gas prospect on September 3. Drilling operations were suspended late Monday night. The two fill line vessels, the Aergy Falcon and Deep Cygnus, moved into the Atlantic to get away from the storm.

Reuters, 09:11 September 3, 2010

Electricity

Storms Knock Out Power to about 33,000 Customers in Michigan September 2

Storms cut power to more than 26,000 Consumers Energy customers and about 7,000 DTE Energy customers in Michigan on September 2-3, company and news sources reported.

<http://www.wmt.com/articles/homes-1381049-county-power.html#slComments>

<http://www.freep.com/article/20100903/NEWS02/100903025/1320/Storm-knocks-out-power-in-Downriver-cities>

Entergy to Shut 1,025 MW Indian Point Nuke Unit 2 in New York for Reactor Coolant Pump Repairs September 3

The company planned to shut the unit to repair the motor of one of the plant's four reactor coolant pumps.
Reuters, 10:17 September 3, 2010
http://www.entergy.com/News_Room/newsrelease.aspx?NR_ID=1865

Cabrillo Power's 330 MW Encina Gas-Fired Unit 5 in California Reduced by September 2

According to the California Independent System Operator, the unit reported an unplanned curtailment of 130 MW by September 2.
<http://www.caiso.com/unitstatus/data/unitstatus201009021515.html>

AES's 336 MW Alamitos Gas-Fired Unit 4 in California Reduced by September 2

According to the California Independent System Operator, the unit reported an unplanned curtailment of 116 MW by September 2.
<http://www.caiso.com/unitstatus/data/unitstatus201009021515.html>

Update: Evaluator Finds Fault with PG&E's Customer Service, but Says Smart Meters Working Properly in California

Pacific Gas & Electric Company's (PG&E) residential smart meters and associated software/billing systems are consistent with industry standards and performing accurately, but the company's customer service practices appear to have left some customers frustrated and confused, The Structure Group said in an independent evaluation. The California Public Utilities Commission (CPUC) asked Structure to conduct the evaluation, citing customer complaints. Structure independently tested more than 750 smart meters and 147 electromechanical meters; it reviewed 1,378 complaints and performed in-depth customer interviews.
http://docs.cpuc.ca.gov/PUBLISHED/NEWS_RELEASE/122937.htm

Petroleum

Update: Mariner Energy Extinguishes Fire at Oil-and-Gas Production Platform Offshore Louisiana September 2 – No Leaks Reported

Mariner Energy, Inc. extinguished a fire yesterday at its oil-and-gas production platform offshore Louisiana, the company said in a release. The fire occurred on Vermilion Block 380, about 100 miles offshore Louisiana. There were no injuries, and no oil appeared to have spilled, as of latest reports. On-site equipment automatically shut-in production prior to the blaze, Mariner said. The platform produced about 9.2 MMcf/d of natural gas and 1,400 b/d of oil and condensate as of the last week of August, according to the company. It was not yet clear what caused the blaze, but the federal government's Bureau of Ocean Energy Management, Regulation and Enforcement (BOEM) said it had launched an investigation into the incident. The incident sparked a flurry of contradictory news and official reports: sources conflicted initially as to whether an explosion had preceded the fire, as to whether the event had resulted in any oil spill, and as to whether any workers had been injured.

Mariner Energy releases: <http://ir.mariner-energy.com/phoenix.zhtml?c=129671&p=ir-ol-newsArticle&ID=1466603&highlight=> , <http://ir.mariner-energy.com/phoenix.zhtml?c=129671&p=ir-ol-newsArticle&ID=1466493&highlight=>

Coast Guard releases: <http://www.d8externalaffairs.com/go/doc/425/891163/> , <http://www.d8externalaffairs.com/go/doc/425/891279/>

BOEM release: <http://www.boemre.gov/ooc/press/2010/press0903.htm>

News sources: <http://www.cnn.com/2010/US/09/02/louisiana.oil.platform.explosion/index.html?hpt=T1> , http://www.nytimes.com/2010/09/03/us/03rig.html?_r=1&hp , <http://www.washingtonpost.com/wp-dyn/content/article/2010/09/02/AR2010090202733.html?hpid=topnews> , <http://www.google.com/hostednews/ap/article/ALeqM5gS2Qa3n4KpkPRdc76d0pdkCIIIhWgD9I02VPG1>

Update: BP Submits Deepwater Horizon Report to Federal Government by September 3

BP submitted to the U.S. Bureau of Ocean Energy Management, Regulation and Enforcement (BOEM) a report on "how the Deepwater Horizon incident has driven large capability advances." To read the report, "Deepwater Horizon Containment and Response: Capabilities and Lessons Learned," click on the first link below.

http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/incident_response/STAGING/local_assets/downloads_pdfs/Deepwater_Horizon_Containment_Response.pdf
<http://www.bp.com/sectiongenericarticle.do?categoryId=9034880&contentId=7064840>

Update: BP Removes Capping Stack, Prepares to Remove and Replace BOP at Blown-Out Well in Gulf of Mexico September 2-3

BP removed the capping stack from the failed blow out preventer (BOP) at the Macondo well in the Gulf of Mexico on September 2, and was preparing on September 3 to remove and replace the BOP, the company said in a release. It was not clear when it might finish the work. The company, however, said separately that it expected its relief well to intercept the blown-out well's annulus in mid-September, depending on weather conditions. The company also said that the cost of the spill had reached about \$8 billion by September 3. That figure included the response, containment, relief well drilling, static kill and cementing, grants to the Gulf states, claims paid, and federal costs.
<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7064849>

Update: After August Leak, BP's Indiana-to-Illinois White Oak Oil Products Pipeline Remains Offline September 2

BP is performing pressure tests along its still-shut, Indiana-to-Illinois White Oak oil products pipeline, and the company will not restart the line until "we have verified integrity through testing," it said by September 3. Operators shut the line last month after it spilled oil and water into an Indiana sewer system. The company had recovered more than 3,500 barrels of oily liquid and about 260 barrels of oil products, as of August 29, a local news source reported. The affected system delivers products from BP's 405,000 b/d Whiting, Indiana refinery to terminals in Chicago and Manhattan, Illinois, according to an earlier article from the Wall Street Journal. It was not clear if the incident had impacted operations at the Whiting, Indiana refinery or at either of the associated terminals.
<http://www.post-trib.com/news/2668054.new-bpleak0903.article>
<http://abclocal.go.com/wls/story?section=news/local&id=7626555>
<http://www.jconline.com/article/20100820/NEWS09/100820006/BP-says-fuel-leak-stopped-into-Hammond-sewers>
<http://online.wsj.com/article/BT-CO-20100818-709488.html>

Blowout Leads to Frac Water/Oil Spill at Denbury-Owned Well in Killdeer, North Dakota September 1

A blowout caused approximately 2,000 barrels of a frac water/oil mix to spill from a Denbury Resources Inc.-owned well in Killdeer, North Dakota, but the company expected to contain the well yesterday and none of the spilled fluid escaped the site. The 2,000-barrel mix included approximately 225 barrels of oil. State officials were investigating the incident, as of latest reports.
http://www.bismarcktribune.com/news/state-and-regional/article_af6a8bd2-b712-11df-b4ff-001cc4c03286.html

FCCU Briefly Shut at Frontier's 135,000 b/d El Dorado, Kansas Refinery September 2

The fluidic catalytic cracking unit (FCCU) was back in operation on Friday after a compressor failure took the unit offline on Thursday. The unit was restarted after a few hours and there was no material impact to production. Reuters, 11:32 September 3, 2010

Boiler Upset at Alon's 70,000 b/d Big Spring, Texas Refinery September 3

The boiler upset caused emissions from several refinery units, including the fluidic catalytic cracking unit (FCCU) and sulfur recover unit (SRU), according to a filing with Texas regulators.
<http://af.reuters.com/article/energyOilNews/idAFWEN939620100903>

Transneft, Lukoil, TNK-BP, and Gazprom Plan 240,000 b/d Oil Pipeline in Russia

The line would run from the Zapoyamoye region to a transit hub in Purpe.
<http://www.bloomberg.com/news/2010-09-03/russia-to-build-arctic-link-to-fill-asia-pipe-with-tnk-bp-gazprom-crude.html>

Natural Gas

Update: Spectra Receives FERC Approval for Planned 9 Bcf Expansion at Existing 23 Bcf Egan Natural Gas Storage Facility in Louisiana by September 3

Spectra Energy has received approval from the Federal Energy Regulatory Commission (FERC) to expand capacity by 9 Bcf at its existing 23 Bcf Egan natural gas storage facility in Acadia Parish, Louisiana, Intelligence Press, Inc. reported on September 3.
<http://intelligencepress.com/>
http://www.spectraenergy.com/what_we_do/businesses/us/assets/egan/

Other News

Secretary Chu Announces U.S. Centers for U.S.-China Clean Energy Research September 2

U.S. Energy Secretary Steven Chu announced yesterday that two consortia - one led by the University of Michigan and one led by the West Virginia University - will receive a total of \$25 million over the next five years under the U.S.-China Clean Energy Research Center (CERC). The funding will be matched by the grantees to provide at least \$50 million in total U.S. funding and will facilitate joint research and development of clean energy technologies by the United States and China. Chinese counterparts will contribute an additional \$50 million, with combined funding from both countries totaling \$100 million. The University of Michigan's award will advance technologies for clean vehicles, while West Virginia University will use its funding to focus on the next generation of clean coal technologies, including carbon capture and storage.

<http://www.energy.gov/news/9443.htm>

Energy Prices

U.S. Oil and Gas Prices			
September 3, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	73.78	74.14	68.48
NATURAL GAS Henry Hub \$/Million Btu	3.74	3.85	2.25

Source: Reuters

Energy Notes

Wind and Rain Knock Out Power to about 16,500 Oklahoma Gas and Electric Customers in Oklahoma September 2 – Company Reports Fewer than 3,000 Customers Still without Electricity September 3

http://www.newsok.com/storms-unleash-strong-winds-rain-on-oklahoma/article/3491202?custom_click=headlines_widget
<http://public.oge.com/systemwatch/SystemWatch.swf?startMapID=1>

Residents Complain of Frequent Power Outages in Section of Coon Rapids City, Minnesota

http://abcnewspapers.com/index.php?option=com_content&task=view&id=13612&Itemid=28

NRC Directs Staff to Produce Plan on How to More Fully Integrate the Use of Risk Insights into Pre-Application Activities and the Potential Review of Small Modular Reactor Applications

http://adamswebsearch2.nrc.gov/idmws/doccontent.dll?library=PU_ADAMS^PBNTAD01&ID=102440213

Fire Breaks Out Near Oil Storage Tanks in Washington County, Illinois September 3

<http://www.ksdk.com/news/local/story.aspx?storyid=214687&catid=9>

Update: Oil Flow Resumes to 400-450,000 b/d on Kirkuk-Ceyhan Pipeline September 3 After Electrical Problem Repaired on Turkish Portion of Pipeline

Reuters, 07:15 September 3, 2010

Tullow Oil Says it Has Found More than 2.5 Billion Barrels of Oil in the Lake Albert Rift Basin, Uganda – 500 Million Barrel Increase from Earlier Figure

<http://www.tulloil.com/index.asp?pageid=137&newsid=675>

<http://allafrica.com/stories/201009030052.html>

Diesel Fuel Tanker Runs Aground in Nunavut, Northwest Passage September 1 – Vessel Was Carrying More than 50,000 Barrels of Fuel, but No Leaks Reported

<http://news.nationalpost.com/2010/09/02/fuel-tanker-grounded-in-northwest-passage/>

Storm Forces Shut Cedar Lake Booster Station in Texas September 2-3 – Operator Restores Compression by September 3

<http://www11.tceq.state.tx.us/oc/eer/index.cfm?fuseaction=main.getDetails&target=144387>

Update: Pacific Connector Gas Pipeline LP Sues Oregon, Claiming State is Inappropriately Delaying Proposed 234-Mile LNG Pipeline from Coos Bay

http://www.downstreamtoday.com/news/article.aspx?a_id=23939

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/ead.aspx>

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